



---

*Raise a leader – Release Potential – Realise a dream*

---

## **BOARD CHARTER 2017**



## Contents

1. INTRODUCTION.....	3
2. COMPOSITION OF THE BOARD.....	3
3. ROLE AND RESPONSIBILITIES OF THE BOARD .....	4
4. RESPONSIBILITIES OF INDIVIDUAL DIRECTORS .....	6
5. BOARD COMMITTEES.....	8
6. MEETING PROCEDURE .....	8
7. DIRECTORS' FEES .....	10
8. REVIEW OF CHARTER.....	10



## 1. INTRODUCTION

This Vastfontein Community Transformation (VCT) Board Charter serves as a regulatory and direction giving document, spelling out the principles and responsibilities of the Vastfontein Board, based on the recommendations for and principles of good corporate governance are set out in the King IV Code on Corporate Governance, South Africa, 2016.

The board of directors of VCT fully subscribes to the principles of good corporate governance and regards these as fundamentally important to the business success and sustainability of the company.

The board therefore approved this board charter (“the charter”), the provisions of which will at all times be subject to all statutory and regulatory requirements, including the company’s memorandum of incorporation.

The purpose of the charter is to regulate the parameters within which the board will operate and to ensure the application of the principles of good corporate governance in all dealings by, in respect and on behalf of, the company and furthermore to set out the roles and responsibilities of the board and individual directors, including the composition and relevant procedures of the board.

Unless inconsistent with the content, an expression which denotes any one gender includes the other genders.

## 2. COMPOSITION OF THE BOARD

The composition of the board will be as regulated in the memorandum of incorporation of the company.

Board charter version 1 - 2017



The majority of board members will be independent directors. The CEO will be an ex-officio director. In the event of the chairman not being an independent director a lead independent director will be appointed.

There will be a clear division of responsibilities between the executive responsibility for the running of the company's business and the leadership of the board, such that no one individual has unfettered powers of decision-making.

### 3. ROLE AND RESPONSIBILITIES OF THE BOARD

As its primary function, the board is responsible to determine the company's strategic direction and to exercise prudent control over the company and its affairs.

The board and the individual directors will at all times act in the best interest of the company and adhere to all relevant legal standards of conduct.

In fulfilling its function, the board will at all times apply the principles of KingIV:

- **Principle 1: Leadership** – The Board should lead ethically and effectively
- **Principle 2: Organisational ethics** – The Board should govern the organisation in a way that supports the establishment of an ethical culture
- **Principle 3: Responsible corporate citizenship** – The Board should ensure that the organisation is and is seen to be a responsible corporate citizen
- **Principle 4: Strategy and performance** – The Board should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process
- **Principle 5: Reporting** – The Board should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long term prospects



- **Principle 6: Primary role and responsibilities of the governing body** – The Board should serve as the focal point and custodian of corporate governance in the organisation
- **Principle 7: Composition of the governing body** – The Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively
- **Principle 8: Committees of the governing body** – The Board should ensure that its arrangements for delegation within its own structures promote independent judgment and assist with balance of power and the effective discharge of its duties
- **Principle 9: Evaluations of the performance of the governing body** – The Board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness
- **Principle 10: Appointment and delegation to management** – The Board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities
- **Principle 11: Risk Governance** – The Board should govern risk in a way that supports the organisation in setting and achieving its strategic objectives
- **Principle 12: Technology and information governance** – The Board should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives
- **Principle 13: Compliance governance** – The Board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen
- **Principle 14: Remuneration governance** – The Board should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term

- **Principle 15: Assurance** – The Board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the external reports
- **Principle 16: Stakeholders** – In the execution of its governance role and responsibilities, the Board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interest of the organisation over time.

The board will be responsible to appoint the chief executive officer and ensure a proper process of performance management and succession planning in respect of these positions.

The board will provide input regarding senior management appointments, remuneration and succession plans.

The board will implement a formal delegation of authority framework which will be reviewed on an annual basis.

#### **4. RESPONSIBILITIES OF INDIVIDUAL DIRECTORS**

In fulfilling his responsibility to the company, a director will at all times:

- act in the best interest of the company, in good faith and with integrity and adhere to all relevant legal standards of conduct;
- conduct himself in a professional manner
- avoid any conflict of interest between his personal affairs and that of the company or, where unavoidable, disclose any such conflict or potential conflict;

- disclose any information that he may be aware of that is material to the company and which the board is not aware of, unless such director is bound by ethical or contractual obligations of non-disclosure;
- only use his powers for the purposes for which they were conferred upon him and not to gain an advantage for himself or a third party or to harm the company in any way;
- only act within his powers as formally delegated by the board;
- keep all information learned in his capacity as a director strictly confidential;
- use their best endeavours to attend board and relevant board committee meetings where at all possible and devote appropriate preparation time ahead of each meeting to ensure that he is in a position to contribute to board and committee discussions and to make informed decisions on matters placed before the board or board committee;
- exhibit the degree of skill and care as may be reasonably expected from a person of his skill and experience, but also exercise both the care and skill any reasonable person would be expected to show in looking after their own affairs; and
- actively participate in and contribute to board deliberations in a constructive and frank manner under the leadership and guidance of the chairman.

Directors who are not able to attend any meetings of the board will submit a formal apology, with reasons, to the chairman or board secretary.

The directors are entitled to have access, at reasonable times, to all relevant company information and to management. Such access shall be arranged through the chairman of the board or the chief executive officer.



## **5. BOARD COMMITTEES**

As and when required the board will delegate certain of its functions to well-structured committees but without abdicating its own responsibilities.

Each board committee as established by the board will have formal terms of reference to be approved by the board and annually reviewed.

The committees will be appropriately constituted with due regard to the skills required by each committee.

## **6. MEETING PROCEDURE**

The board will hold sufficient scheduled meetings to discharge all its duties but subject to a minimum of four meetings per year.

Any board member may, in consultation with the chairman, request additional board meetings to be held as and when deemed appropriate.

The chairman and chief executive officer will be required to facilitate the process of setting the agenda for each meeting. Every director will be entitled, in consultation with the chairman, to add any item to the agenda for a particular board meeting.

Reasonable notice in writing shall be given to all directors in respect of all board meetings and processes.

The detailed agenda together with supporting documentation will be circulated prior to the meeting within a reasonable time so as to enable the directors to be properly prepared for the meeting.



The quorum necessary for the transaction of business shall be a majority of directors unless otherwise provided for in the company's memorandum of incorporation.

Members of senior management and service providers may be invited by the chairman to attend meetings of the board but will not be entitled to vote or be counted for quorum purposes.

In the absence of the chairman at a meeting, the lead independent director will act as chairman for purposes of the meeting.

The board's discussions shall at all times be open and constructive. The chairman shall seek a consensus in the board but may, where considered necessary, call for a vote in whatever manner the chairman, in his sole discretion, deems appropriate.

The minutes of a meeting must be completed as soon as reasonably possible after the meeting and circulated to the chairman and directors for review. The minutes will be confirmed as a correct record of the proceedings by the board at its next scheduled meeting or via electronic communication, if necessary, and will thereafter be signed by the chairman.

The board will establish an annual work plan to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.

Board meetings may be conducted via telephone or video conference facilities provided that all concerned can actively participate in the meeting. Directors participating via these facilities will be counted for quorum purposes.



## 7. DIRECTORS' FEES

Unless otherwise agreed, no fees shall be payable to directors for their services as directors.

Non-executive directors should, as a general rule, not provide any professional or business services of an ongoing nature to the company. The company may, for the purpose of a special assignment, engage the services of a non-executive director (specific field of expertise) but the terms of the engagement must be competitive, clearly recorded and all legal requirements with regards to disclosure must be complied with.

## 8. REVIEW OF CHARTER

The charter will be reviewed on an annual basis by the board.

**APPROVED BY THE BOARD ON \_\_\_\_\_ 2017**

\_\_\_\_\_

**CHAIRMAN OF THE BOARD**

